

Message Text

UNCLASSIFIED

PAGE 01 RIO DE 03251 281604Z

41

ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-14 IO-14 ISO-00

CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03 NSAE-00 NSC-07

PA-04 RSC-01 PRS-01 SP-03 SS-20 USIA-15 COME-00

TRSE-00 INT-08 OMB-01 DRC-01 FEAE-00 CIEP-03 /190 W

----- 084492

R 281440Z AUG 74

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 1289

INFO AMEMBASSY BRASILIA

AMEMBASSY CANBERRA

AMEMBASSY CARACAS

AMEMBASSY FREETOWN

AMEMBASSY LIBERVILLE

AMEMBASSY LIMA

AMEMBASSY MANILA

AMEMBASSY MONROVIA

AMEMBASSY NEW DELHI

AMEMBASSY NOUAKCHOTT

AMEMBASSY OTTAWA

AMEMBASSY RABAT

AMEMBASSY SANTIAGO

AMEMBASSY STOCKHOLM

AMEMBASSY TUNIS

AMEMBASSY WELLINGTON

USINT ALGIERS

AMCONSUL SAO PAULO

USMISSION GENEVA

AMCONSUL BELEM

UNCLAS RIO DE JANEIRO 3251

E. O. 11652: N/A

TAGS: ETRD, EIN, EMIN, BR

SUBJ: ORGANIZATION OF IRON ORE EXPORTING NATIONS

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 RIO DE 03251 281604Z

REF: (A) BRASILIA 5982

(B) STATE 176957
(C) BRASILIA 6256

1. LOCAL PRESS HAS CARRIED PUBLIC REMARKS MADE AUGUST 23 BY FERNANDO REIS, PRESIDENT OF COMPANHIA VALE DO RIO DOCE (CVRD), OPPOSING POSSIBLE BRAZILIAN MEMBERSHIP IN SUBJECT ORGANIZATION. CVRD, 80 PERCENT OWNED BY GOB, RANKS AS WORLD'S LARGEST IRON ORE EXPORTER.

2. ALTHOUGH NOTING THAT DECISION ON WHETHER BRAZIL WOULD PARTICIPATE IN SUBJECT ORGANIZATION RESTS WITH COUNTRY'S DIPLOMATIC AUTHORITIES, REIS CLEARLY INDICATED THAT CVRD FIRMLY OPPOSES BRAZIL'S ENTRY INTO SUCH A GROUP. WOULD'S RESERVES OF IRON ORE, REIS STATED, ARE ABUNDANT. A PRODUCER MOVE TO RAISE PRICES WOULD QUICKLY MOTIVATE NON-CARTEL STATES TO EXPLOIT THEIR LOW-GRADE DEPOSITS AND TO BENEFICIATE STOCK-PILED WASTE MATERIALS. ADDITIONALLY, BRAZIL IS RAPIDLY AND HEAVILY INVESTING IN EXPANDING ITS IRON ORE PRODUCTION. IT WOULD BE HIT HARD BY QIOTAS ESTABLISHED TO MAINTAIN HIGH PRICES. CVRD ALONE EXPECTS EXPORTS TO REACH 50 MILLION MT THIS YEAR AND IS SETTING 80 MILLION MT TARGET FOR END OF DECADE. WITH UP-COMING CARAJAS MINE EXPECTED TO REACH FULL PRODUCTION OF 50 MILLION BY MID-1980'S, WITH MBR LIKELY TO INCREASE EXPORTS TO 20 MILLION MT, AND WITH NEW SAMARCO PROJECT SET TO PRODUCE 10 MILLION MT - TO NAME JUST THE MAIN ENTERPRISES - BRAZIL SEES ITSELF ATTAINING EXPORTS OF 160 MILLION MT. ACCORDING TO REIS, QUOTAS WOULD, INTER ALIA, PRACTICALLY ELIMINATE THE \$1.1 BILLION CARACAS PROJECT (IN WHICH CVRD HAS 51 PERCENT OWNERSHIP). CVRD PRESIDENT NOTED ALSO THAT MANY MINES ARE BEING EXPLOITED WITH PARTICIPATION OF LARGE IRON ORE CONSUMING COMPANIES, SUCH AS U.S. STEEL AND BETHLEHEM, YET ANOTHER FACTOR MITIGATING AGAINST A SUCCESSFUL CARTEL.

3. ALTHOUGH FIRMLY CONCLUDING THAT PROPOSED IRON ORE ORGANIZATION WOULD OFFER NO ADVANTAGES FOR BRAZIL, REIS REPORTEDLY MENTIONED IN PASSING THAT OPEC-TYPE ORGANIZATION FOR BAUXITE (OF WHICH BRAZIL HOPES TO BECOME AN IMPORTANT PRODUCER) WOULD BE "MUCH MORE VIABLE."
MILLER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IRON, MEMBERSHIP, PRESS COMMENTS, ORGANIZATION & MANAGEMENT, INTERNATIONAL ORGANIZATIONS, EXPORT CONTROLS, GOVERNMENT REACTIONS, OPPOSITION PARTIES
Control Number: n/a
Copy: SINGLE
Draft Date: 28 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974RIODE03251
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740238-0430
From: RIO DE JANEIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740811/aaaaajcb.tel
Line Count: 99
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: (A) BRASILIA 5982
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUN 2002 by reddocgw>; APPROVED <15-Aug-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ORGANIZATION OF IRON ORE EXPORTING NATIONS UNCLASSIFIED
TAGS: ETRD, PFOR, EMIN, BR, COMPANHIA VALE DO RIO DOCE, (REISS, FERNANDO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005